



CALIFORNIA DEPARTMENT OF  
FOOD & AGRICULTURE

A. G. Kawamura, Secretary

November 29, 2006

**DEPARTMENT ANNOUNCES NO MILK PRODUCERS  
SECURITY TRUST FUND SECURITIES NEED TO BE  
POSTED BY PROCESSORS FOR 2007**

To All Interested Parties:

Assembly Bill 2343 was enacted by the Legislature and signed into law by the Governor in September of this year. The bill makes substantive amendments to the Milk Producers Security Trust Fund Law that take effect on January 1, 2007.

One of the new provisions in the Trust Fund Law is that any dairy processor whose average monthly purchases of milk covered by the Trust Fund when multiplied by 110% exceeds the balance in the Trust Fund or \$30 million whichever is higher must post securities with the Department. The amount of securities that must be posted is equal to the difference between the processor's average monthly purchases of covered milk times 110% less the balance in the Trust Fund or \$30 million which ever is higher.

The Department has calculated the value of average monthly milk purchases made by all processors that purchase more than \$20 million in milk covered by the Trust Fund. Through this process the Department has determined that the current balance in the Trust Fund is sufficient to cover 110% of the largest handler's average monthly purchases.

Therefore, no processor will be required to post securities for calendar year 2007 unless there is a significant expansion in plant capacity or a merger/acquisition by a processor that takes place during the year. If one of these two events occurs, the Department will recalculate the value of monthly purchases of covered milk by that processor and make a determination regarding securities that must be posted.

If you have any questions or desire further information, please contact me or Bob Maxie at the telephone number below.

Sincerely,

*Original signed by:*

John Lee, Chief  
Milk Pooling Branch

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